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Thailand: Prospects for the Coalition Government [redacted]

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Summary

Thailand's coalition government has shown surprising strength since its formation three months ago. It has weathered two attempts by the large opposition party to divide the coalition. Longstanding animosities among coalition leaders have so far been kept under control. And the Army, the strongest political force in Thailand, has abstained from open intervention in the political process. [redacted]

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The going will get tougher over the next few months. The Army's powerful Commander-in-Chief, General Athit Kamlang-ek, is determined to reinstate the military's recently expired legislative power, a goal opposed by civilian politicians. The opposition party [redacted]

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[redacted] is likely to continue its attempts to unseat the coalition by focusing on politically sensitive economic issues. Although the coalition is likely to withstand the opposition's attack--at least for now--we believe that the military will be successful in its efforts to restore a degree of direct control over the legislature, placing Athit more firmly in line to become the next prime minister. [redacted]

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Military Role Diminished

Although the coalition is the fourth consecutive one under Prime Minister Prem since 1980, this government is operating under markedly different conditions. Constitutional provisions giving effective control of the government to the Senate--made up largely of senior military officers--lapsed in April. In the past the Senate has kept the elected lower house under control and has ensured a conservative, military-sanctioned approach to foreign relations, economic policy, and domestic issues. [REDACTED]

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Senior army officers--spearheaded by General Athit--unsuccessfully attempted early this year to have the constitution amended to preserve the military's power. The amendments would have:

- o Retained the crucial power of the Senate to support the government.
- o Reversed the new constitutional provision allowing the party winning the majority of votes in a province to take all the House seats for the province--a procedure that favors the larger, established political parties and creates the possibility that one party may win enough votes to form a government on its own.
- o Allowed professional civil servants--military officers in particular--to hold cabinet positions while on active duty.

The proposed amendments were defeated by only 10 votes in the National Assembly because of the opposition of major civilian political parties. [REDACTED]

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As a result, Thailand is operating under an elected, parliamentary system for only the second time in its history. And the opposition--the Thai Nation Party, a member of the previous Prem cabinet--is the largest single party in Thailand. Thai Nation leader Praman Adireksan hopes to force a cabinet shuffle and gain his party's inclusion in the government, according to the US Embassy. [REDACTED]

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Moreover, the coalition itself contains the seeds of a split between civilian and military interests that are intensified by personal rivalries. The Social Action Party and the Democrat Party continue to oppose pro-military constitutional amendments championed by the smaller Thai Citizens Party and National Democratic Party. In addition, the heads of the Democrat and Thai Citizen Parties are longstanding enemies. [REDACTED]

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Other factors, however, have at least temporarily offset these potentially destabilizing changes. The new coalition is

strikingly similar to the previous one, which the military supported. Prem stayed on as prime minister, and two of the three parties in the last coalition are in the new one. In the Cabinet, half of the 44 ministers and deputies are carryovers from the previous Cabinet, and most of the top positions are unchanged. Prem has continued as Defense Minister, for example, and Sitthi Sawetsila as Foreign Minister. In important security and economic posts, Interior Minister Sitthi Chirarot and Finance Minister Sommai Huntrakun also stayed on. []

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The military, moreover, still wields considerable influence, []

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[] In addition, two pro-military parties gained entry in the coalition government. Finally, the military-dominated Senate retains the power to vote on constitutional amendments and matters pertaining to the monarchy. []

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Coalition Survives Initial Tests

A concerted effort by Prem to ensure coalition unity has paid off thus far. The government has been able to use its overwhelming majority in Parliament and single-party control of most ministries to ease interparty rivalry in the Cabinet. In addition, civilian politicians are probably trying to avoid any action that might prompt military intervention. And Prem is skillfully developing new administrative devices to keep House members in line. The new Parliamentary Coordinating Committee, for example, develops strategy for moving government legislation through the House. []

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Despite the fact that Prem can no longer count on Senate voting to pass key legislation or support the government in no-confidence votes, the coalition passed its first two parliamentary tests with impressive strength. The government moved the budget bill--traditionally contentious legislation--through the elected House of Representatives in late June on its first reading with surprisingly little trouble. Despite attempts to focus debate on a secret, anti-insurgency fund in the defense budget, the opposition failed in its principal goal of inducing disunity in the governing coalition's ranks, according to the US Embassy. []

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In mid-June Prem's coalition easily derailed the Thai Nation Party's no-confidence motion against Communications Minister Samak, head of one of the four coalition parties. The ostensible reason for the vote was Samak's mismanagement of state enterprises under his control, especially the railway system which raised passenger fares by 7 percent in June. Because transportation fares are politically sensitive, Thai Nation leader Praman hoped for some break in the unity of the governing

parties on this issue, according to the US Embassy. The Parliamentary Coordinating Committee kept the no-confidence motion from coming to a vote, however. []

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Future Challenges

Over the next year the new government will face more serious problems. The military is likely to reintroduce amendments to reinstate the power of the Senate, a move that could split the coalition. The annual October military promotions, according to the US Embassy, will strengthen Athit's position but may also generate controversy over the centralization of military power. Furthermore, we expect the opposition party to continue its attack on the governing coalition, looking for weak spots and popular political issues. Budget austerity measures and other economic issues are likely to provide Thai Nation with ammunition. []

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The Military: Athit's moves to restore the military's power could be the most volatile of these challenges. We believe that Athit strongly wants to become Prime Minister. To do so, he must move before his mandatory retirement from the Army--his principal power base--in 1985. Since the defeat of the Army's proposed amendments last spring--a stunning setback to Athit, who had argued that the preservation of Senate power was essential to national stability--Athit has been operating quietly behind the scenes to consolidate his power over the military apparatus. []

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In recent weeks Athit has also moved to refurbish his public image, tarnished in the defeat of the amendments. His offer to mediate a still unsettled dockworkers' strike was his first re-entry into the Thai political arena. Last fall Athit similarly used his position as head of the Bangkok Peacekeeping Force to

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involve himself successfully in a number of political and economic disputes such as protests over bus fare increases, labor strikes, student protests, and farmer unrest over the government's rice policies. According to the US Embassy, Athit established himself in the public mind as an effective and fair mediator. []

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In late July Athit seized the opportunity of the joint US-Thai Navy amphibious landing exercise Cobra Gold to stage army exercises on the Thai-Kampuchean border. According to the US Embassy, Athit did not want to attend the Cobra Gold landings because he would have been nominally subordinate to Saiyut. By staging the Army's own media event, Athit was able to detract from the successful performance of his rivals while simultaneously boosting his own public image. []

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We believe that Athit, once he has the positions of both Army CINC and Supreme Commander, will move to restore some of the military's lost control over the civilian government. He may have the military's amendments reintroduced by one of the military-backed parties. Athit is probably especially interested in restoring the provision allowing military officers to serve in the Cabinet. He could then add Defense Minister to his list of positions and be only a step away from the prime ministership. []

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The Opposition: The opposition Thai Nation Party clearly is intent on making things difficult for the new administration. Formerly pro-military, the Thai Nation Party lost favor when it abstained from the vote on Athit's amendments. After the elections in April, the party tried to form its own government but failed primarily because it could not get the military's backing.

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Economic Issues: Although the Thai economy has performed relatively well over the last few years, politically sensitive economic issues remain capable of provoking mass protests and

demonstrations. Large budget deficits over the past three years have brought unpopular fiscal austerity measures tailor-made for the Thai Nation Party's attempts to embarrass and possibly dismantle Prem's coalition. [REDACTED]

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In return for IMF and World Bank financial assistance, the Prem government committed itself to a program of fiscal reform that includes limiting the growth of government spending, increasing taxes, and placing the many unprofitable state enterprises on a sound financial footing. The fiscal 1984 budget, which takes effect on 1 October, slashes subsidies to state enterprises by 75 percent. Prices charged by these agencies, as well as the Bangkok bus system, are volatile issues in Bangkok:

- o Public protests against higher bus fares late last year forced Prem to rescind the increase.
- o The no-confidence vote against Samak was inspired by his approval of an increase in passenger train fares.
- o This summer's dock strike was initiated by the Port Authority's cutting wages in response to its reduced government subsidy. [REDACTED]

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Reduced state enterprise subsidies are also likely to produce further labor activism because the largest and strongest unions in Thailand are in the public sector. Although Bangkok's technocrats and Finance Minister Sommai are committed to reducing the losses of public sector enterprises, others in the coalition--especially Samak's populist, Bangkok-based Thai Citizens Party--are likely to oppose them. Portfolios pertaining to economic matters are divided among the coalition parties, moreover, making consensus difficult. [REDACTED]

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The depressed state of the rural economy may also generate public protests. Despite some improvements in the Thai economy since the beginning of the year, the continuing low prices of rice, sugar, tin, and corn are depressing rural incomes. Budget austerity allows Prem little or no room to increase prices paid to farmers. Nonetheless, large demonstrations in central Thailand in late November over low government rice support prices led to a commitment to a higher price, a move the government may regret. [REDACTED]

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The Thai Nation Party is likely to support or possibly instigate such demonstrations to achieve its goals. The local press reported that the party was involved in fomenting last winter's farmers' protests in order to embarrass its then coalition partner the Social Action Party, which promotes itself

as a champion of rural issues. US Embassy sources report that the striking dockworkers had substantially more money than would be normal and attribute this fact to Thai Nation backing. [REDACTED]

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Outlook

There is a danger that the opposition party's attempts to bring down the government will succeed. If economic recovery is slower than expected, especially in the rural areas, farmers could be more easily mobilized. Organized labor as well as the public might react strongly to any additional austerity measures. And student protestors--whose demonstrations toppled the military government in 1973--might also join the fray. Athit--if he had not already done so--might seize the opportunity to restrict the operation of parliamentary government--by abrogating the constitution, dismissing the National Assembly, or declaring martial law--in order to save the country from what he would describe as "democratic excesses." [REDACTED]

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On balance, however, we believe that Prem will remain in power but may be forced to shuffle his cabinet to include the opposition Thai Nation Party. A nascent economic recovery is likely to ameliorate some of the economic problems [REDACTED]

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[REDACTED] In addition, Athit probably will continue to peacefully expand his power. The introduction of constitutional amendments favoring the military may meet with less opposition than it did last spring. [REDACTED]

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